

Tax Increment Financing (TIF) District Advisory Board

8.27.09 Meeting minutes

BOS Meeting room

Present:

John McCormack, Chairman
Katie Chambers
George Infanti
Al Hicks
Janet Langdell
Mike Putnam
Tom Wilson

Excused:

Dave Roedel
Tom Brennan

Guests:

Ryan Bielagus

Bill Parker, Director Community Development/TIF Administrator
Jim DeStefano, Grubb & Ellis/Coldstream RE
Shirley Wilson, Recording secretary

J. McCormack called the meeting to order at 7:30AM.

Review of Agenda & Minutes

J. McCormack reviewed the agenda and highlighted sections of the previous meeting's minutes from May 7, 2009. B. Parker noted that Katie Chambers has been formally appointed to this board by the Selectmen.

G. Infanti made a motion to accept the minutes as written. J. Langdell seconded and all in favor.

Brox Property Marketing Update:

J. DeStefano said they took the engineering back to the development community to test for feedback and the results were mixed. The developers were not region specific, but ultimately it came down to how confident they were in the area and whether or not they have any users. Most developers feel that this area seems premature, unless we can bring a user in and right now there aren't many users due to the credit markets being sluggish. So, we're getting the same feedback even though we have more information to provide. We're also confronted with the reality of roughly another 1,000 acres coming on the market near the airport in a similar development cycle such as the Brox property with the roads scheduled to be done in 2012. With timing the same, that location is better. There is a development of new industrial condos on lots with infrastructure in place and fully approved permits that are still sitting vacant. The location is no better than Milford, but they are ready to go. One executive director commented that there are 30,000 communities across the country vying for 1,000 industrial expansions. J. DeStefano then gave examples of development in New Hampshire and said that without a developer/partner for our land here, we're shooting for the needle in the haystack. To put things in a better perspective, the local SPCA is looking for land; but pro Bono, so that may be something to consider. On the upside, have been the discussions with Ryan Bielagus, whose ventures include development, in addition to also being a principle with Grubb & Ellis/Coldstream Real Estate. They are a local developer in the Souhegan Valley and have been successful in environmentally sensitive development such as Echo Park in Londonderry and a development in Bedford. He then referenced a letter of interest, dated a July 24th 2009, and introduced Ryan Bielagus of the Andover Consulting Group.

R. Bielagus said he has been through similar processes in Londonderry and in Bedford and went on to explain the for-profit partnership with Londonderry for the 100 acres of land acquired through back taxes near the Manchester Airport. Peter Lowe, the Economic Development director at the time, pulled

together local business people to help him develop the project. We found the land doing a site search in the mid 1990's for an end user who ended up passing on that property. The town really did not have a defined process and no one knew their way around the voter approved Eco-Park, let alone the costs, so we entered into an agreement with the town of Londonderry and eventually purchased the land and developed the eccotech process. We master planned the property and gathered the baseline data but didn't really do any of the infrastructure for sewer, water and fiber optics at that time. We designed and defined the economic, ecological development process so that when an end user came in, they quickly understood the economics of this type development; and as long as developers were willing to participate in the process, there was an open-ended amount of ecological development that could be done, yet no one was really forced to do anything. We wanted something that was quick, smart and painless. We found that the best thing to do ecologically and economically was to design a building for adaptive re-use so each and building was designed by establishing parameters for the future uses. The ecological process also incorporated common sense to enhance ecological capabilities.

R. Bielagus then explained how the power plant and anchor of Eco Park worked using water from the Manchester wastewater treatment plant to cool the turbines and send the cleaner water back through the plant. Once we had some of our lead tenants then we, the development company, put the infrastructure in to accommodate their needs. After two years of the planning process in the mid 1990s, the first tenant actually went in during 1999 and the power plant broke ground in 2000. There was a ten to fifteen year to build-out for the project and of the eight subdivided lots, all but three have been built out, and one has not yet sold. The entire site contains 25 to 30% wetlands and the last unsold lot was approved and designed for a 60,000SF flex industrial building. \$400,000 worth of site work has already been done on this 13 acre lot to get it just below pad-ready. This "build to suit" lot was appraised at approximately \$800,000 to \$1,000,000 dollars, so a 60,000SF building would cost out at \$16.00/SF and \$5.00/SF for the drainage and site work. The topography of the lots is similar to Brox and all are accessible from Manchester Airport and Routes 93 and 293. The business community does not want to do the unknown; the end product and value outnumbers the initial expense. We've been successful here and are in negotiations with someone to sell that remaining lot, most likely to be a joint venture with Grubb & Ellis. Banks and lenders are amenable to this type of development and the end appraisal value is higher for a flex building versus strictly industrial.

R. Bielagus referenced the federal government building in Bedford saying they wanted something with economic value; the lower level is actually a parking garage and there is enough land to convert the use afterwards. Financing costs were far less and the end user liked it because it is quiet and doesn't draw attention to what they are doing there. J. McCormack inquired if other developers took this approach. R. Bielagus said he would like to think that they are cutting edge.

B. Parker inquired if zoning changes were needed to make it easier to work through the process in Londonderry. R. Bielagus replied the town Planning Board did not want to get involved with zoning changes for that location, so we treated Eco Park as a park covenant; it was easier to go through a covenant change than a zoning change. So there is an approval process with Londonderry and then an ecological process for the park with a series of checklists to go through. There is also a Board of Directors comprised of local business people, ourselves, the Town planner and consultants which were hired with some money set aside from the sale of the land to review plans and the like.

R. Bielagus said he was familiar with the Brox property. It is a good piece of land and Milford has a lot of positive attributes with good quality of life. The flip side is queuing to more metropolitan areas like Nashua, Manchester and Pease. It takes a long time to build flex office and industrial parks and you have to find a way to differentiate yourselves from the competition. A few years back, his dad pitched the creation of an enterprise zone to Governor Benson where a master plan overview is created for a specific area to speed up the permitting process and create a fast track for quick approvals that might

incorporate retail and workforce housing. J. McCormack said that was one of this group's first initiatives and brought up the warrant articles. The zoning changes were passed but giving authority to the BOS for bonding of infrastructure improvements did not. The town voters felt put off and people here are a very careful group and didn't want to give that power to the selectmen; they wanted guarantees. The LandQuest proposal was then referenced in regards to mixed use and workforce housing.

B. Parker added that the failure of that warrant article also led to a greater awareness and need for some good economic development policy which resulted in the forming of an Economic Development Advisory Committee now the Economic Development Advisory Council. One of the charges of that group is to look at land use with the Planning Board and over the next five years or so there could conceivably be a large master planning effort under way for some type of enterprise zone and aspects of that could be worked into the Master Plan. J. McCormack said these concepts are environmentally friendly, smart in terms of development and economically more marketable. One of our members, Dave Roedel who was unable to attend today, said not much is happening out there because no lending equals no development. Therefore, better access to funding would be a big factor.

J. Langdell asked if the Londonderry project accessed any of the Federal economic infrastructure development monies out there; CEDS for economic development that happens on the regional level. R. Bielagus answered that it was 100% privately funded. J. DeStefano brought up the Bedford project. R. Bielagus said the Town created a performance zone for several thousand acres of land along Rte 3 owned by hundreds of private individuals, where you could pretty much do anything that incorporated a Master plan concept for office, industrial, flex and residential which included apartments, for-sale and senior housing. It allowed for the design of a town within a town. Most companies are looking for young educated workforce professionals and they need a place to live close by. We need to look towards the future and that's where the planning process comes in. Discussion on workforce housing followed.

R. Bielagus also said that financing has dried up for the 55+ housing market because it requires so much capital and there is so much stock still out there. The senior housing market is now comprised of independent care, Alzheimer's care and assisted living facilities. So when going through this process you should plan for what is hot now and also for the future. It would be good to plan for the future of the Brox site incorporating some senior housing because although the market may not be here now, it may very well be in five to ten years. B. Parker referenced the Hawes and Lorden properties that could also be tied in. J. Langdell stated that there is a difference between Milford and Bedford, where they rezoned a section of land running along the Rte 3 corridor with greater consideration in trying to rehab that whole section, as well as do appropriate planning to accommodate the multitude of needs for their larger community. B. Parker noted that there is a big difference between developed areas versus undeveloped areas. R. Bielagus said Brox property should be looked at as an island unto itself; master plan this tract of land and the other land will benefit from that anchor.

G. Infanti said that we have sat here for three years and the Board has worked hard, but we've done nothing. We have a good company to market our property but there is no market. We are now dealing with a creative, innovative group of people who have interest in making the Brox property habitable and he personally would like to do something to make this work. He is more willing to step it up and take this to the voters to say we have a partnership that can work and do something with this property. J. Langdell said this was a nice packet and the concepts for eco tech would fare well with the two committees she's involved with that come back to economic development of the western portion of town. She would like more information and whatever we decide to do will need to dovetail with the initiatives of all the other committees in town.

M. Putnam said he was vested just as every other taxpayer and would be in favor to get something going and hear all the details; flex and ECO are good ideas. We have to think outside the box because conventional has not worked in nine years. T. Wilson agreed with George's statement to just do something and this could be a wonderful opportunity to address some of the push back we've heard. The idea of ecological and industrial development is probably the hook to get people to come our way because we certainly don't have the glamour of the big city.

A. Hicks said the main question still remains; will any kind of operation or development involve the town putting up money, up front? R. Bielagus is said yes but with minimal dollars. A. Hicks asked where the money would come from if not the town. What if phase I doesn't create a lot of payback because half of the development is on land owned by Hendrix? The payback for phase I will only come from two small properties and the rest from later phases, so where does the investment money come from. J. McCormack said at some point we will need to sit down with Hendrix and figure out how to approach phase I. This is a careful group in terms of up-front money. R. Bielagus said he did not see any money spent on the infrastructure until we have an end user and it could be feasible that they, as the developer, will put the infrastructure in. The Town has to determine where the economics will be on an industrial flex building and we will work within those economics. J. McCormack said from past experience, we will need to go into this with our eyes open. R. Bielagus said he sees the money being spent for design on both sides. J. Langdell brought up the Community Economic Development Strategy (CEDS) program for matched money from the federal government to be spent on planning and infrastructure. It may have a more regional based spin on it, but may very well be another avenue worth discussion. J. DeStefano said that money spent on engineering is an investment for the town and stays with the town.

K. Chambers said we need a plan and we ought to put it out there for the voters to buy into it and if they don't that will give us the direction, maybe to dissolve because it would be decades after that to get something done. Some form of government money will need to be used for the roads but other sources look to be remote with 30,000 other communities vying for that money as well. It is a good idea to develop some kind of niche and we ought to involve the younger people in the discussions; what are they looking for in jobs and what opportunities are there to leave the cities. The market place and the acceptance of technology can bring that. A piece of our plan needs to take a hard look at technology and crystal ball that. Respond to what is hot but take it farther than the microcosm of Milford, New Hampshire and make Milford the shining star. J. Langdell suggested doing some type of survey. J. McCormack brought up the community character survey. B. Parker replied that it may very well be outdated. J. Langdell also added that was for a special use.

B. Parker inquired about the process if we were to work together. R. Bielagus said it would have to be negotiated and we'd have to sit down with representatives from the Town to come up with a land deal structure. Part of the option to take this to the next step would be some outline or understanding as to how the ecological process is going to work. We would define a master plan concept and then hash out an agreement with one or two members of the community. J. McCormack said to reinforce previous points, yes there is competition out there and we can't spend the money with up front assists as other communities do, so what can we do to be unique or provide the hook? He then described yesterday's Wall Street "deal of the week" between the Sherman-Williams Corporation and Effingham, Illinois. The town got them to stay in a 1.2M SF facility keeping 300 jobs by offering an economic incentive package valued at around \$2.5M. The landlord also stepped up to the plate by agreeing to fund about \$3M in improvements to the property as part of a seven year package. This will be a good situation for all; the landlord doesn't have a vacant building, Sherman-Williams reduced its occupancy costs, and the city doesn't lose its jobs. We don't have that kind of money so the cost to be competitive will be a challenge. R. Bielagus said everything they've done has been for profit they are very conscientious about putting money into anything. They prefer to use brain power first and then man power; they

won't develop on speculation. To put money into roads without any return on that capital doesn't make sense. Planning something to establish and expedite the process however, does make sense.

J. McCormack asked for consensus as a group whether the Board agreed to take this to the next step and work up a proposal. All members were in favor. J. McCormack said obviously Bill will be central in terms of the initial development and then Janet will get involved with the planning and zoning process. If the proposal makes sense then we will take it to the Board of Selectmen. R. Bielagus said it would be best to negotiate with a smaller group initially then they could then bring it to this larger group and forward from there.

J. McCormack thanked Ryan Bielagus.

T. Wilson said the TIF district map may be misleading because the Hendrix pieces just add another level of complexity and he didn't want any confusion. J. McCormack said there would have to be discussion with Hendrix regarding the infrastructure if someone comes in with interest. T. Wilson said we have to make it clear that the interested parties will have to have discussion. J. McCormack said this proposal could offer fresh insights.

Economic development Update:

B. Parker distributed paper copies of the EDAC minutes. J. McCormack said the Economic Development Advisory Council was approved by the Board of Selectmen with a go-forth effort. The Council is in the process of nominating officers and forming three subcommittees which will focus on zoning and land use, procedures and policies, and the web site.

TIFD Advisory Board objectives:

This Board's objectives and actions would be thrust forward if we move ahead with the ECCOTECH Park and may breathe life back into the TIF initiative, but everything is really slow right now.

Mike Putnam said we don't have to expand the infrastructure from the sewer treatment plant. We could build our own little treatment plant out there to recycle and reuse our own gray water. He is a big fan of wells and this is a prime spot for that as well. B. Parker said there is water out there and the potential for wells is good. J. McCormack agreed that maybe this could be revisited. A. Hicks said there was a plan to close the water loop through the Brox property and also to run sewers to the Heron Pond School on that road and get rid of the leach field. J. Langdell said there are town plans for additional activity on town land adjacent to the Brox property that all needs to be looked at. We also need to look at the school needs and the impact of the vision being brought in by these consultants and ask if that vision is consistent with the bigger picture for Milford. J. McCormack said there has been previous discussion on the possibility of a power generation facility and referenced Bio fuels from the visit with Hitchiner. B. Parker said we will need to make sure that the energy issues are addressed but we have nothing firm right now.

Other business:

J. Langdell shared some information from the most recent NRPC executive committee meeting. The state re-mapped our region and divided the state into three economic development corporations; MEDC, one in Manchester and one in Rockingham. The dialog that came out of that change is that MEDC does not have as much interest in the planning aspect as in the development phases. Whereas Rockingham is very much interested in regional planning and with that in place, it helps the region to access some of the federal monies for infrastructure and planning development. NRPC and especially the new director Kerri Diers is looking see if we can tap in, as a region, for any source along those lines and it may be Rockingham instead of Monadnock. We've hung our hat on Jack Dugan and it was made very clear that the MEDC was not interested in the CEDS program. J. McCormack asked if we should ask for Jack's

input. B. Parker said Jack has not been very responsive. J. Langdell said we need to look at NRPC in terms of their leadership because they are looking more in the direction of economic development strategies, not just transportation. G. Infanti said NRPC met with Amherst last week and there is a new group of people who seem very open and willing to help the towns. J. Langdell said this may be Kerri's avenue for leadership focus and discussion followed. G. Infanti noted that the towns are already paying for NRPC services. J. Langdell said as a representative for Milford on the executive committee she is encouraging them to go this route; to utilize more of the resources that we already pay for. B. Parker said he would call Kerri and talk with her. G. Infanti said that would be good in addition to working with Ryan.

- **Next meeting**

The next meeting was scheduled for Thursday September 24th at 7:30 AM.

The meeting was adjourned at 9:00AM.

To do items:

- ⇒ Contact Kerri Diers of NRPC
- ⇒ Meet with Ryan Bielagus

Continuing items:

- ⇒ Website
- ⇒ Economic Development updates
- ⇒ Meet with local businesses
- ⇒ Education and exposure
- ⇒ Maintain an on-going progress file.
- ⇒ Continuous revisions/updates to the Economic Development Self Assessment survey
- ⇒ Vacant lands inventory